GOVERNMENT OF INDIA
AGRICULTURE
LOK SABHA

STARRED QUESTION NO:173
ANSWERED ON:04.12.2006
PRICE OF PULSES
Adsul Shri Anandrao Vithoba;Verma Shri Ravi Prakash

Will the Minister of AGRICULTURE be pleased to state:

(a) Whether there is a huge difference between procurement price and market price of pulses ;

(b) If so, the details thereof ;

(c) The reasons for conceding low support price despite the high prices prevailing in market ; and

(d) The efforts made by the Government for rationalizing the support and market price of pulses ?

Answer

MINISTER OF THE STATE IN THE MINISTRY OF AGRICULTURE (SHRI SHARAD PAWAR)

(a) to (d): A statement is laid on the Table of the House.

STATEMENT REFERRED TO IN REPLY TO PARTS (a) TO (d) OF LOK SABHA STARRED QUESTION NO. 173 DUE FOR REPLY ON 4TH DECEMBER, 2006

(a)&(b) : A comparative position of Minimum Support Prices (MSPs) and market prices of the major pulses is given below: MSP and Month − end Wholesale Prices

(January - October, 2006)
(Rs. Per quintal)

Pulse	MSP for 2006-07	Market Centre	Minimum (Jan.Oct.)	Maximum (Jan.Oct.)	Average (Jan.Oct.)
Arhar	1410				
		Chennai (TN)	1900	2050	1978
		Kanpur (UP)	1720	1900	1804
		Kolkatta (WB)	2250	3000	2492
Moong	1520				
		Bhatinda (Pb.)	3270	4280	3889
		Chennai (TN)	2426	4500	3259
		Kanpur (UP)	2230	3180	2864
		Hapur (UP)	2050	2300	2185
Urad	1520				
		Chennai (TN)	2500	5102	3732
		Mumbai (Mah.)	3625	5000	4319
		Kanpur (UP)	2210	3425	2968
Masur (Lentil)	MSP for 2005-06 1535				
		Mumbai (Mah.)	2075	2400	2282
		Kanpur (UP)	1670	2025	1774
		Kolkatta (WB)	2300	2600	2433
Gram	435				
		Dohad (Guj.)	1675	3160	2337
		Jaipur (Raj.)	1675	3125	2241
		Hapur (UP)	2100	2900	2401

The market price of pulses is higher than the MSP because the domestic production of pulses is lower than the requirement. Further, the changes brought in the Agricultural Produce Marketing Committee (APMC) Act, with the objective of providing more options to the farmers by way of having the choice to sell their produce to prospective buyers, has also brought in greater degree of competition in the market pushing the prices upwards.

(c)&(d): The Government fixes the Minimum Support Prices (MSPs) for various agricultural commodities, including pulses, taking into account the recommendations of Commission for Agricultural Costs & Prices (CACP), the views of State Governments and concerned Central Ministries as well as other relevant factors, which in the opinion of the Government, are important for fixation of MSPs.

CACP, while formulating its recommendations on price policy considers a number of important factors which include cost of production, changes in input prices, input/output price parity, trends in market prices, demand and supply situation, inter- crop price parity, effect on industrial cost structure, effect on general price level, effect on cost of living, international market price situation and parity between prices paid and prices received by the farmers.

The objective of MSP mechanism is to provide a guarantee to the farmers to realize a reasonable price for their produce. When the market prices tend to fall below the MSP, the designated agencies such as Food Corporation of India (FCI), National Agricultural Cooperative Marketing Federation of India Ltd (NAFED), Cotton Corporation of India (CCI) and Jute Corporation of India (JCI) purchase the produce at the MSP. However, if the market price is more than the MSP fixed by the Government, farmers are free to realize a higher price by selling their produce in the market.